

## Message Text

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PAGE 01 STATE 251827

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ORIGIN EB-11

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DRAFTED BY EB/AN:PIGLASOE:DAP

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EB/OA - MR. MEADOWS (SUBS)

----- 119494

R 282258Z DEC 73

FM SECSTATE WASHDC

TO AMEMBASSY BEIRUT

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E.O. 11652:N/A

TAGS: ETRN, LE

SUBJECT: CIVAIR - CHANGES IN PAN AM'S SCHEDULES

REF: BEIRUT 14499

1. APPRECIATE EMBASSY EFFORTS TO CONVINCE LEBANESE THAT PLANNED PAN AM CHANGES ARE NECESSARY AND REASONABLE. IN RESPONSE GOL POSITION REPORTED REFTEL, WE BELIEVE, HOWEVER, ANOTHER EFFORT SHOULD BE MADE TO "SELL" THE NEW SCHEDULES. EMBASSY THEREFORE REQUESTED ONCE MORE APPROACH APPROPRIATE GOL OFFICIALS WITH THIS GOAL. IN DOING SO IT CAN DRAW ON AND RESTATE PITCH CONTAINED IN MATERIAL ALREADY AVAILABLE (E.G. STATE 221873) SUPPLEMENTED BY FOLLOWING.

A. TRUE TO ITS COMMITMENTS IN THE JUNE 1972 MEMORANDUM OF CONSULTATION, THE US UNDERTOOK TO REVIEW VERY CAREFULLY PAN AMERICAN'S PROPOSED CHANGES PRIOR TO THEIR COMMUNICATION TO THE GOL. THE VARIOUS CONCERNS OF THE LEBANESE - OF WHICH WE ARE QUITE AWARE - WERE MADE PART OF THIS REVIEW. IN THE END, THE US CONCLUDED: 1) THE COMPARATIVELY MODEST  
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PAGE 02 STATE 251827

CAPACITY INCREASE BEING PLANNED BY PAN AM IS JUSTIFIABLE

AND BY NO STRETCH OF THE IMAGINATION "PATENTLY UNREASONABLE;" AND 2) THE CONCERNS EXPRESSED BY THE LEBANESE IN THE PAST WERE GIVEN CONSIDERABLE WEIGHT IN THE FINAL SCHEDULES AS WORKED OUT, AND THESE SCHEDULES INCORPORATED THE BEST PRACTICABLE BALANCE BETWEEN THE REQUIREMENTS FOR CHANGE IN THE PATTERN OF PAN AM OPERATIONS AND THOSE CONCERNS.

B. MORE SPECIFICALLY, ONLY TWO OF THE PLANNED PAN AM CHANGES APPEAR TO BE OF EVEN POTENTIAL CONCERN TO GOL AVIATION INTERESTS. (THE REST ARE ACTUALLY ADVANTAGEOUS TO THOSE INTERESTS - SEE PARTICULARLY FRANKFURT AND ISTANBUL SEGMENTS - AS WOULD SEEM THE OVERALL BALANCE.) THE TWO ARE THE QUALITATIVE CHANGE ON THE LONDON-BEIRUT SEGMENT AND THE QUANTITATIVE CHANGE ON THE BEIRUT-TEHRAN SEGMENT.

C. CONCERNING THE FORMER, IT MUST BE STRESSED THAT THERE WILL BE NO INCREASE IN CAPACITY. IN ADDITION, MEA'S NONSTOP SERVICE WILL STILL BE THE PREDOMINANT FACTOR IN THAT MARKET. CONCERNING THE LEBANON-IRAN MARKET, IT IS CLEAR THAT PAN AMERICAN'S PARTICIPATION WILL HAVE TO UNDERGO ALTERATION ONCE THE LEBANESE AND IRANIAN AIRLINES REENTER THE MARKET. UNTIL THAT TIME, WE MUST ASSUME THERE IS NO REAL GOL CONCERN.

D. THE CONVERSE OF THE US'S UNDERTAKINGS IN THE JUNE 1972 MEMCON WAS THE LEBANESE AGREEMENT TO INCORPORATE THE STANDARD BERMUDA PRINCIPLES IN THE BILATERAL AGREEMENT NEGOTIATED AT THE SAME TIME. THE PACKAGE OF THE MEMCON AND THE AGREEMENT CONTAINS NO PROVISIONS FOR A PRIORI CONSULTATIONS ON AIRLINE SCHEDULES AND/OR CAPACITY EVEN ASSUMING THAT TRULY "SUBSTANTIVE" CHANGES ARE PLANNED BY AN AIRLINE - AN ASSUMPTION WITH WHICH WE DO NOT NECESSARILY AGREE IN THE PRESENT CASE. ON THE CONTRARY, THE CONCEPT OF EX POST FACTO CONSULTATIONS IS QUITE CLEARLY SET OUT.

2. HAVING MADE THESE POINTS, THE EMBASSY CAN ADD THAT EVEN IF IT DEEMED IT APPROPRIATE, IN VIEW OF THE FULL TIME LIMITED OFFICIAL USE

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PAGE 03 STATE 251827

PREOCCUPATION OF KEY US AVIATION OFFICIALS WITH THE CURRENT ENERGY CRISIS, COUPLED WITH THEIR EXISTING NEGOTIATING SCHEDULE, THE USG WOULD FIND IT IMPOSSIBLE TO MEET THE LEBANESE REQUEST TO HOLD CONSULTATIONS IN BEIRUT SOMETIME BETWEEN JANUARY 10 AND 20. IF, ON THE OTHER HAND, THE GOL IS UNWILLING TO RECONSIDER ITS REQUEST FOR CONSULTATIONS, THE US WOULD BE PREPARED TO CONSIDER THE POSSIBILITY OF ARRANGING SUCH TALKS HERE IN WASHINGTON

(LEBANON IS, AFTER ALL, THE ONE REQUESTING THE TALKS)  
SOMETIME IN FEBRUARY.

3. FYI: WE SUSPECT THAT LEBANESE ARE ATTEMPTING TO USE  
THE PLANNED PAN AM CHANGES AS A LEVER TO ENGAGE US IN  
BARGAINING OVER THE ISSUE OF EXPANDED ALL-CARGO RIGHTS FOR  
TMA AND THE EXTENSION OF THE VALIDITY OF THE BILATERAL  
AGREEMENT. BOTH THESE ISSUES ARE PRESUMABLY OF CON-  
SIDERABLY MORE IMPORTANCE TO LEBANESE AVIATION IN-  
TERESTS THAN THE PLANNED PAN AM CHANGES. WE, ON THE OTHER  
HAND, WOULD VERY MUCH LIKE TO KEEP THE ISSUES SEPARATE.  
END FYI. KISSINGER

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